Popularity By Sport	
Baseball	80%
Football	13
Basketball	4
Hockey	3

Source: Glendinning Associates, Westport, Conn.

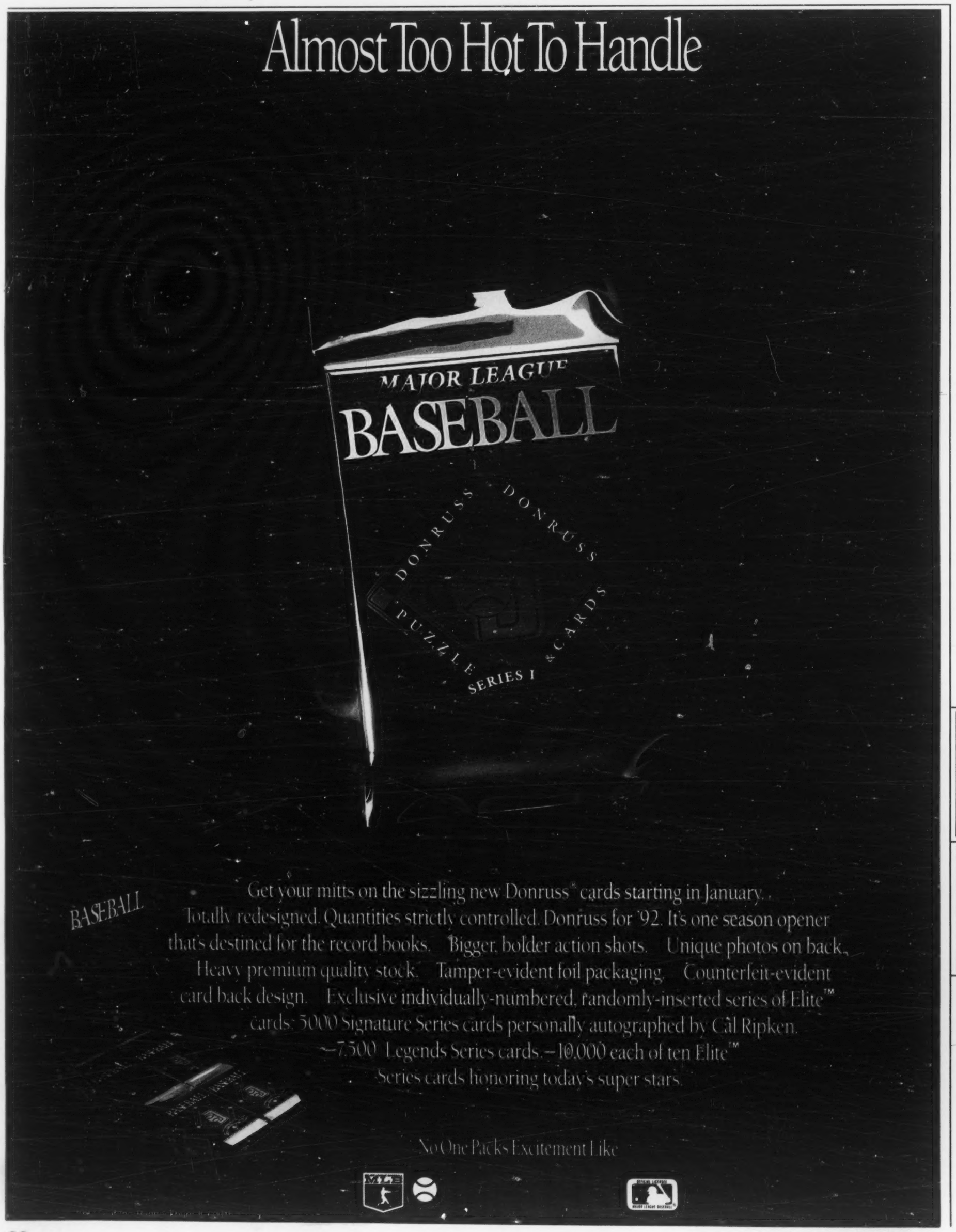
Entertainment and sports cards are lucky pair

Market studies by Glendinning Associates of Westport, Conn. reinforce the importance of baseball collecting to the trading card industry, but also help underscore the tremendous potential of other sports and non-sports cards for increased sales and an expansion of the customer base.

"Wax packs are still the No. 1 SKU, but Garbage Pail Kids and Desert Storm cards are really appealing to boys and girls," says Glendinning vp Rob Kovalesky. "The sports card segment continues to be the day-in and day-out key volume player, but the entertainment segment (cards based on movies, television, licensed characters and pop culture) is an exciting business. These cards could represent 50 to 75 percent of sales for a peak period following the release of a new property."

Kovalesky says the category will continue to grow because of an increase in the number of collectors, both serious and casual, and the growing importance of gift giving. Another major factor is the "aggressive manufacturers' support and promotions that serve to drive the category," he says.

There are, however, some concerns being expressed about the impact that so many new introductions will have on collectors. "The explosion in the number of collections that are available is inhibiting the emotion to collect," says Tom Mortenson, editor of *Sports Collectors Digest*. "Collectors can't collect everything, and because of this card companies are seeing tremendous competition. As companies continue to produce a higher-end, better looking product, we will see a weeding out of cards that are not as slick looking," he says.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Better variety grabs interest year-round

Rocketeer and professional skateboarders will probably never be as valuable as the Honus Wagner baseball card that recently fetched $450,000 at auction. But these and other non-traditional trading cards are generating millions of dollars in additional retail sales.

An explosion in trading card selection has served to attract new collectors of all ages and both genders, broadening the appeal of this product category and transforming it into a solid, year-round business.

The first step toward eliminating sales peaks and valleys that were closely tied to the baseball season began with the introduction of cards from other sports. Professional baseball, football, basketball and hockey are now represented by several lines of cards, along with soccer, auto racing, the Olympics, professional wrestling and

Continued on page 40

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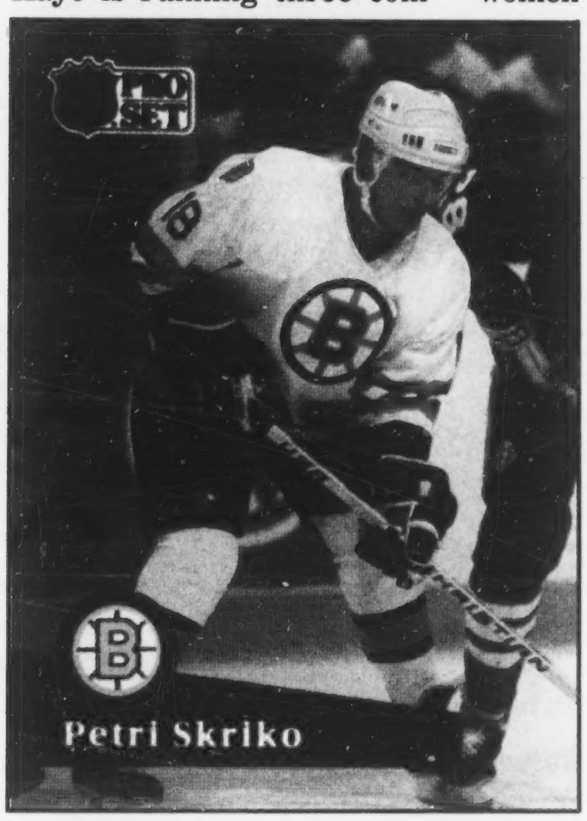
Manufacturers expand market, promote heavily

When Keystone Pharmacy's Marty Rosenstein, vp of merchandising, decided to add Kayo's line of boxing cards to the chain's trading card assortment, his decision was based largely on the company's commitment to support its products with a promotional program built around the Evander Holyfield-Mike Tyson bout.

Kayo keeps original plan

Before that fight was put on hold, Rosenstein said: "they are spending money to support the program, so I am going with the promotion. Kayo is running three commercials before the fight and we will be giving away Kayo posters and caps at each of our stores."



Competing for market share

Indeed, with so many trading card companies vying for their market share, several are spending quite heavily to establish brand identity and stimulate consumer interest by using special promotions, ad campaigns and public service programs.

These activities inform sports fans that trading cards aren't just for baseball card collectors anymore. They're also attracting the interest of women and young girls who weren't a part of that market just a few years ago.

Impel's strategy

"Any good buyer really evaluates what [a manufacturer's] doing to support [its] products," says Impel Marketing's Don Fish, senior vp of marketing. "In our case, we have our own wrapper promotions, and that is sufficient to get the product through.

We have a separate department of people who work with direct marketing organizations. Right now, we have 50 different fulfillment programs for offers we have made to our consumers. These programs are a big piece of our overall marketing strategy."

ProSet's ad campaigns

At ProSet, Victor Shaffer, vp of marketing, says the company's extensive print and television ad campaigns have been supplemented by several public service programs such as local coaching clinics, anti-drug abuse and stay-in-school messages.

Profits from the company's lines of Desert Storm trading cards were contributed to a foundation to benefit the many troops that were stationed there.

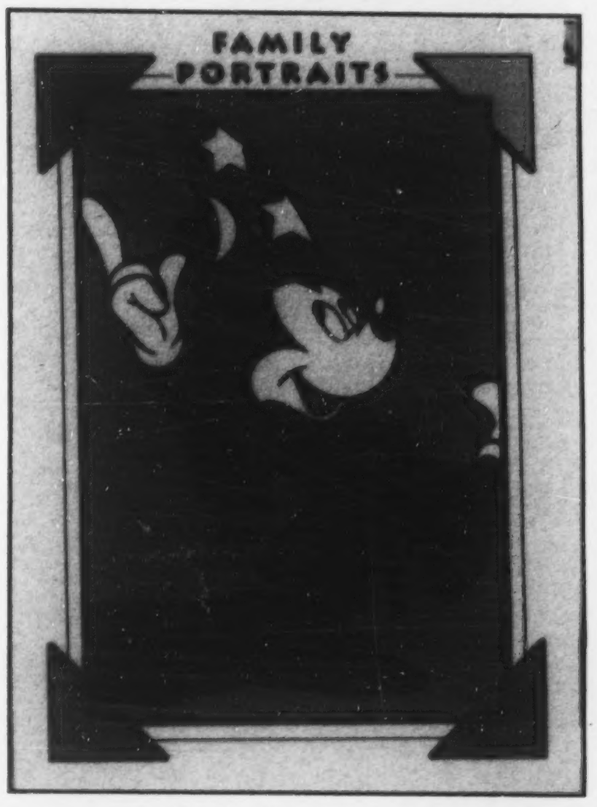
Pacific finds a niche

At Pacific Trading Cards, executive vp Arnie Harris says the company is expanding its advertising programs by buying cable television spots to reach youngsters, running ads in newspapers and magazines to reach adults and using POS materials and in-store displays with tie-ins to product lines.

"Plus, we get a lot of free advertising because of all the media attention for our cards featuring the Andy Griffith and 'I Love Lucy' shows," he adds.

Upper Deck

Upper Deck has earned the reputation of being the most promotional company of all. Vp of sales Jay McCracken says, "We are trying to become involved with the various sports whose cards we represent, to be a part of the fabric of these sports."



In recent weeks, Upper Deck was a prime sponsor for the McDonalds Open in Paris, in which the Los Angeles Lakers played exhibition games in Europe. The company's also sponsoring fan ballotting for the National Hockey League All Star Game. In the National Football League, Upper Deck sponsored The Quarterback Challenge, and in baseball, it's sponsoring The Heroes of Baseball games that were formerly known as Old Timers' Games. Upper Deck has already spent more than $4 million in baseball projects alone.

Annual Sales Growth in Sports Trading Cards

1990	$857
1989	450
1988	268

Source: *Sports Collectors Digest.*

Sports vs. Non-Sport

Sports cards	90%
Non-Sports cards	10

Source: Glendinning Associates, Westport, Conn.

A better variety grabs interest

Continued from page 36

many others.

"There are almost no cycles to card collecting anymore. Trading card companies are releasing product long before a sports season begins and then following up with another issue during the season," says Victor Shaffer, vp of marketing for Pro Set. "We were one of the companies that led the change to annualization, and it has succeeded."

Sports-related cards remain the heart of the industry, but manufacturers are building on that core business by creating new card themes that attract non-traditional collectors.

For Sci-Fi fans, Impel Marketing created the Terminator 2 collection and a Star Trek series. At Upper Deck, the Looney Tunes All-Stars were designed to attract baseball card collectors who are also fans of Porky, Daffy and Wiley Coyote.

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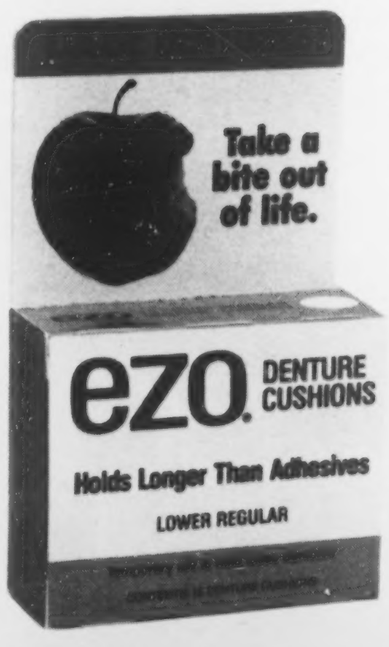

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FoxMeyer reports gains in first public quarter

DALLAS — FoxMeyer reported a healthy gain in operating income in the second quarter—its first quarter as a publicly traded company.

Operating income for the period ended Sept. 30 was $8.5 million, a 63.5 percent increase from last year.

Net income was $5.8 million, or 24 cents per share.

That includes an extraordinary gain of $1.6 million or 7 cents per share from the use of tax loss carry-forwards.

Net income in last year's second quarter was $3.2 million, or 15 cents per share, which included an extraordinary gain from the carry-forwards of $1 million, 5 cents per share.

"These results are especially gratifying in light of the previously announced change in our relationship with Kmart from primary to secondary supplier," said Robert King, president and ceo.

Sales for the quarter were $736 million, a 5.1 percent increase over last year.

King said proceeds from the public offering (FoxMeyer sold 33 percent of its ownership) are being invested in information systems and distribution center automation. Further, FoxMeyer is studying potential acquisitions.

First half operating income was $17.7 million, 31.3 percent better, with net income of $13 million, compared with $7.2 million in last year's first half.

Both first half periods include extraordinary gains.

Six-month sales are $1.45 billion compared with $1.37 billion last year.

Record qtr. for Cardinal

DUBLIN, Ohio — Gains in market share and improved operating cost ratios tell the story at Cardinal Distribution for the second quarter, which saw record sales and earnings.

Sales hit $365.7 million, a 28 percent gain from last year, as net income in the quarter ended Sept. 30 was $5.3 million, up 42 percent.

For the first six months, sales are up 35 percent to $711 million, and earnings, at $10.1 million, are 44 percent higher than in the comparable period last year.

Robert Walter, chairman and ceo, said that the company's growth will continue; Cardinal on Oct. 15 completed the purchase of its lastest buy—Chapman Drug of Knoxville.

Bindley has record 3rd qtr.

INDIANAPOLIS — Bindley Western achieved record third-quarter and nine-month results. William Bindley, chairman and ceo, said that in the third quarter ended Sept. 30, the wholesaler changed to FIFO from LIFO.

The change in accounting will allow the company to better take advantage of purchasing opportunities year-round.

"Specifically, in previous years, in order to meet acceptable LIFO inventory levels, the company reduced its inventory by as much as $100 million in the third and fourth quarters. Often this was done at the expense of missed buying opportunities and forced sales at less-than-acceptable margins," Bindley said.

Sales for the quarter ended Sept. 30 were $588 million, 13 percent better, as net earnings were $2.8 million compared to $2.2 million.

Nine month sales increased 17 percent to $1.68 billion. Earnings were $8.47 million for the nine months, 21 percent better than in last year's comparable period.

Bindley said that, in the quarter, the wholesaler was still absorbing costs from expanding direct store delivery sales. Sales in the higher-margin segment increased 35 percent, accounting for 20 percent of total sales.

Drug Store News (ISSN 0191-7587) is published biweekly—every other Monday, monthly in July and December—by Lebhar-Friedman Inc., 425 Park Ave., New York, N. Y. 10022. Subscription rates: in-field subscribers, retailers and wholesalers, one year (22 issues) $19.50; two years $35. Manufacturers and their representatives $45; schools, libraries and all other out-of-field subscribers $95. Foreign subscriptions: airmail only $125 per year.

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Vol. 13, No. 21 Nov. 25, 1991

MARKET DIARY:

Largest Dollar Gainer	Rhone-Poulenc Rorer	$ 7.75	Advances	34
Largest Dollar Loser	Barr Laboratories	$ −12.63	Declines	25
Largest Percentage Gainer	ICN Pharmaceutical	81.54%	Unchanged	0
Largest Percentage Loser	Barr Laboratories	−35.69%	New highs	18
			New lows	4

	Close 10/29/91	Close 11/12/91	Net Change	Percent Change
Drug Store News Index	4428.58	4560.66	132.08	2.98
Dow Jones Industrial Average	3061.94	3054.11	− 7.83	−0.26
Standard & Poor's 500-Stock Index	391.48	396.74	5.26	1.34
N.Y.S.E. Composite	215.58	219.00	3.42	1.59
Value Line Index	241.30	245.66	4.36	1.81

Source: Nordby International Inc., Boulder, Colo.

DRUG STORE NEWS INDEX

Exch	Company	Ticker Symbol	Closing Price 10/29/91	Closing Price 11/12/91	Net Change In Period	Percent Change In Period	P/E Ratio	Annual Dividend Rate	Annual Dividend Yield	Annual High	Annual Low
Chain store transactions											
OTC	Accuhealth Inc. (L)	ACCU	3.88	3.72	− 0.16	− 4.03	—	0.00	0.00	6.88	3.72
OTC	Arbor Drugs (H)	ARBR	21.75	21.00	− 0.75	− 3.45	24	0.12	0.57	22.50	11.38
OTC	Big B	BIGB	12.75	11.88	− 0.88	− 6.86	20	0.16	1.35	14.50	5.88
OTC	Drug Emporium (L)	DEMP	7.00	6.13	− 0.88	−12.50	88	0.12	1.96	9.63	5.75
NYS	Fay's Inc.	FAY	11.13	9.00	− 2.13	−19.10	13	0.20	2.22	15.75	7.50
ASE	Genovese Drug (H)	GDX.A	14.38	14.00	− 0.38	− 2.61	16	0.24	1.71	14.63	5.00
NYS	Longs Drug Stores	LDG	37.13	37.88	0.75	2.02	13	1.08	2.85	44.38	30.88
OTC	Medicine Shoppe	MSII	24.38	25.63	1.25	5.13	21	0.32	1.25	28.75	15.50
NYS	Perry Drug	PDS	8.13	8.38	0.25	3.08	209	0.00	0.00	8.50	3.75
NYS	Rite Aid Corp.	RAD	20.88	19.50	− 1.38	− 6.59	14	0.48	2.46	23.88	16.63
NYS	Walgreen Co.	WAG	33.75	33.50	− 0.25	− 0.74	21	0.52	1.55	35.88	24.38
Wholesaler's transactions											
ASE	Bergen Brunswig	BBC	21.13	20.63	− 0.50	− 2.37	14	0.40	1.94	26.19	19.69
OTC	Bindley Western Ind.	BIND	17.13	18.13	1.00	5.84	14	0.04	0.22	18.25	10.13
OTC	Cardinal Distribution	CDIC	30.50	32.38	1.88	6.15	28	0.04	0.12	38.75	18.81
OTC	Durr-Fillauer	DUFM	23.50	23.25	− 0.25	− 1.06	16	0.28	1.20	34.75	20.25
NYS	McKesson Corp.	MCK	38.25	37.63	− 0.63	− 1.63	15	1.60	4.25	40.13	29.13
ASE	Moore Medical (L)	MMD	4.38	4.13	− 0.25	− 5.71	—	0.00	0.00	9.25	3.00
NYS	Owens & Minor (H)	OMI	22.38	23.00	0.63	2.79	26	0.20	0.87	24.25	8.59
Manufacturer's transactions											
NYS	Abbott Labs (H)	ABT	58.50	61.38	2.88	4.91	25	1.00	1.63	61.38	39.25
NYS	American Home Products (H)	AHP	74.25	77.38	3.13	4.21	18	2.60	3.36	77.38	46.50
ASE	Barr Laboratories	BRL	35.38	22.75	−12.63	−35.69	40	0.00	0.00	37.50	7.38
NYS	Baxter International (H)	BAX	37.00	39.25	2.25	6.08	20	0.72	1.83	39.25	25.63
OTC	Block Drugs Co. (H)	BLOCA	56.50	59.50	3.00	5.31	19	0.88	1.48	60.00	32.38
ASE	Bolar Pharmaceutical	BLR	6.50	5.75	− 0.75	−11.54	—	0.00	0.00	8.50	1.88
NYS	Bristol-Myers Squibb	BMY	84.50	84.25	− 0.25	− 0.30	22	2.40	2.85	87.88	61.13
NYS	Carter-Wallace (H)	CAR	106.88	109.88	3.00	2.81	37	1.00	0.91	113.00	51.13
ASE	Columbia Labs (H)	COB	8.63	8.75	0.13	1.45	—	0.00	0.00	9.63	4.00
ASE	Forest Labs	FRX	35.88	37.25	1.38	3.83	37	0.00	0.00	43.63	21.50
ASE	Halsey Drug (H)	HDG	6.88	7.88	1.00	14.55	36	0.00	0.00	8.25	2.25
NYS	ICN Pharmaceutical (H)	ICN	8.13	14.75	6.63	81.54	—	0.00	0.00	14.75	2.50
ASE	Lee Pharmaceutical	LPH	0.81	1.25	0.44	53.75	—	0.00	0.00	2.25	0.81
ASE	Leiner P. Nutrition	PLI	13.50	13.38	− 0.13	− 0.93	13	0.00	0.00	13.88	7.13
NYS	Lilly Eli Co.	LLY	74.88	76.75	1.88	2.50	18	2.00	2.61	85.13	66.00
NYS	Marion Merrell Dow	MKC	29.06	31.38	2.31	7.96	16	0.92	2.93	39.63	27.25
NYS	Merck Co. (H)	MRK	133.38	139.75	6.38	4.78	27	2.52	1.80	139.75	82.00
NYS	Mylan Labs (H)	MYL	36.00	38.13	2.13	5.90	39	0.20	0.52	38.63	17.13
OTC	Nutramax Products (H)	NMPC	7.63	8.63	1.00	13.11	25	0.00	0.00	8.75	0.88
NYS	Pfizer Inc. (H)	PFE	70.00	70.88	0.88	1.25	27	1.32	1.86	72.38	36.75
NYS	Pharmaceutical Resources	PRX	3.88	3.75	− 0.13	− 3.23	—	0.00	0.00	5.88	2.63
NYS	Rhone-Poulenc Rorer (H)	RPR	50.75	58.50	7.75	15.27	22	0.48	0.82	58.50	30.38
NYS	Schering Plough (H)	SGP	59.75	64.75	5.00	8.37	22	1.32	2.04	64.75	40.75
NYS	Syntex Corp.	SYN	43.38	42.88	− 0.50	− 1.15	23	0.92	2.15	47.88	26.88
OTC	Taro-Vit Industries (H)	TAROF	5.50	5.63	0.13	2.27	43	0.00	0.00	6.50	2.25
OTC	Teva Pharmaceutical Ind.	TEVIY	16.63	17.50	0.88	5.26	18	0.16	0.91	20.25	10.50
NYS	Upjohn Co.	UPJ	43.25	43.88	0.63	1.45	16	1.36	3.10	49.25	34.75
NYS	Warner-Lambert	WLA	74.25	73.25	− 1.00	− 1.35	18	1.76	2.40	82.25	61.75
OTC	Zenith Labs	ZENL	16.00	15.50	− 0.50	− 3.13	78	0.00	0.00	23.25	5.00
Other retailer transactions											
NYS	Albertson's	ABS	37.13	36.38	− 0.75	− 2.02	20	0.56	1.54	51.38	31.50
NYS	American Stores	ASC	37.88	38.00	0.13	0.33	10	0.68	1.79	46.19	22.25
NYS	Giant Food	GFS.A	23.50	23.63	0.13	0.53	12	0.64	2.71	31.25	21.75
NYS	Great Atlantic&Pacific Tea (L)	GAP	30.75	29.38	− 1.38	− 4.47	10	0.80	2.72	57.75	28.63
NYS	Kmart	KM	43.13	43.00	− 0.13	− 0.29	11	1.76	4.09	49.50	25.63
NYS	Kroger	KR	18.38	19.00	0.63	3.40	13	0.00	0.00	24.50	12.13
NYS	Melville Corp.	MES	44.63	44.00	− 0.63	− 1.40	14	1.44	3.27	55.25	37.50
OTC	Fred Meyer	MEYR	21.00	23.75	2.75	13.10	15	0.00	0.00	24.75	10.75
NYS	Penney, JC	JCP	49.88	52.00	2.13	4.26	15	2.64	5.08	58.25	40.63
NYS	Safeway	SWY	18.38	18.25	− 0.13	− 0.68	14	0.00	0.00	21.63	11.25
NYS	Smith's Food & Drug	SFD	35.38	38.38	3.00	8.48	24	0.36	0.94	43.75	26.75
NYS	Wal-Mart	WMT	47.50	50.88	3.38	7.11	39	0.16	0.31	51.88	28.50

Key: (H) = New annual high reached in the bi-weekly period. (L) = New annual low reached in the bi-weekly period. (d) = Deficit. NYS = New York. ASE = American. OTC = Over the counter. (s) = Reflects stock split.
Source: Nordby International, Inc., Boulder, Colorado (303) 449-0326.

The newspaper of drug store retailing

December 9, 1991

DRUG STORE NEWS

Vol. 13 No. 22

A Lebhar-Friedman publication

Walgreens, Wal-Mart pitch battle tents in P.R.

By Delinda Karle

SAN JUAN, Puerto Rico — Drug stores here are gearing up for an all-out battle next year when Wal-Mart opens its first three stores in Puerto Rico.

Calling Wal-Mart their biggest threat in nearly a decade, drug stores are scrambling to beef up customer service and promote their strengths in prescriptions, over-the-counter drugs and cosmetics.

Walgreens, a leader in the market, also plans to urge the Puerto Rican government to deny pharmacy permits for certain Wal-Mart stores. Other druggists said they may join suit. *(See coverage of Walgreens' prototype rollout, page 6.)*

The flurry of activity underscores the huge challenge Wal-Mart presents in this highly competitive retailing market.

"Either we lose customers, someone else loses customers, or Wal-Mart doesn't survive," said Saleh Yassin, president of El Amal Pharmacies, a locally owned, eight-store

See **Wal-Mart** *page 89*

Drug store leaders in Puerto Rico

Chain	Stores
Farmacias Moscoso	35
Walgreens	29
Farmacias Gonzalez, Inc.	13
Farmacias El Amal	9
Farmacias Plaza	7

Source: *Drug Store News* research.

RDS files Chapter 11

Al Towle, president and ceo of RxPlus, steps down as parent RDS files for Chapter 11 bankruptcy protection just 14 months after buying its first stores from Revco.

By David Vaczek

PHOENIX — RDS Acquisition Corp., owner of RxPlus Drugs, has filed for Chapter 11 protection, and Al Towle, president and ceo, has resigned, the company said.

The Nov. 25 filing in Federal Bankruptcy Court in Phoenix covers 131 drug stores under the RxPlus and Revco Drug names in Arizona, New Mexico, Texas and Colorado. It doesn't include SRX Acquisition Corp., a separate company that RxPlus management formed to buy and operate 17 former SupeRx stores in Arizona.

The petition seeks to convert to Chapter 11 a petition for involuntary Chapter 7 filed in late October by three of RDS's vendors, who claim they're owned $150,100 between them. RDS was more than 90 days late in paying them, the company admitted.

Towle's resignation was then announced on Nov. 21 by RDS Acquisition Corp's. board of directors. He is replaced as president and ceo by Robert Oberfield, who had been senior vp-operations and administration.

"We took this necessary step (the Chapter 11 filing) in the best interest of our customers, our associates, and our vendors. The stores are open, our pharmacists continue to be prepared to fill our customers' prescription needs," said Oberfield, adding

See **RDS** *page 89*

Perry Chicago gets a remake

Less than a month after their buyout of 16 former Perry drug stores in Chicago, the new owner-managers are waist-deep in efforts to overhaul the operation and make it a thriving niche player in touch with consumers.

By James Frederick

ROLLING MEADOWS, Ill. — The excitement of chain drug store retailing isn't dead; it's alive and well in a small suite of storefront offices outside Chicago. The offices—and the Perry drug store undergoing transformation next door—seem charged with the entrepreneurial spirit that all merchants crave in their heart of hearts.

At the center of the storm are the owner-managers who spearheaded the purchase of 16 former Per-

See **Former** *page 89*

LATE NEWS

• **ROCHESTER, N.Y. — ALP/Freddy's has named John Massaua executive vp-marketing and merchandising, a new position. Massaua, a founding officer of Staples office supply chain, will coordinate all purchasing, advertising and merchandising activities for the newly combined off-pricers.**

• **DEERFIELD, Ill. — Walgreen Co. has launched a nationwide overnight prescription delivery service. Consumers can call a toll-free number for next-day deliveries.**

• **NEW YORK — Chain Drug Marketing Associates has named Michael Shoor as buyer for HBA and cosmetics, and as manager of member services. Shoor was a merchandise manager at S.E. Nichols.**

FEATURES

Retailer-vendor partnering report

Drug Store News features this primer on developing collaborative relationships for mutual growth.
Page 77.

Nielsen reviews drug store retail

A look at the industry's economic environment, sales and inventory trends and merchandising.
Page 43.

SECOND CLASS

Drug Store News
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Top brands dominate in tough times

No doubt this recession has pressed consumers' wallets unmercifully and has given some people pause before spending their hard-earned money on their preferred brands, but bargain hunting goes just so far.

That much is clear from findings of this exclusive *Drug Store News* Third Annual Consumer Brands Preference Study, which shows that leading brands in HBA, cosmetics and general merchandise are dominant forces in drug, discount and food stores—even in a tough 1991.

Consumers act on their perceptions of brand quality and inherent value. Brand name mystique may play a role in turning customers' heads.

Habit may be a factor. Promotion is certainly a key element. Yet, this survey clearly shows that price is less a motivating force in the brand purchase.

Whatever the buying motive, shoppers feel committed to their favorite brands, whether they be in cough/ cold, deodorants, mass merchant cosmetics lines or any of the 32 categories surveyed.

More switching, less sale buying

Two significant trends emerge when comparing this year's survey results against last year's results. In virtually every category, consumers are more willing to switch brands if their favorite is out of stock. Yet, somewhat surprisingly, fewer purchases are being made on sale. People seem to substitute for reasons other than price, such as out-of-stocks.

In many categories the difference is stunning. For example, 29 percent bought men's hair spray on sale in 1991, compared with 45 percent in 1990. In hand and body lotions, 36 percent bought sale items, compared with 42 percent in 1990. In suntan lotions, batteries, hair color, eye shadow and aspirin—all were purchased less often during sales this year than last by significant margins.

One possible reason: the growing prevalence of everyday low pricing, and the store growth and market maturity of the major deep discount drug chains and discount department stores such as Wal-Mart. Another reason is that pricing

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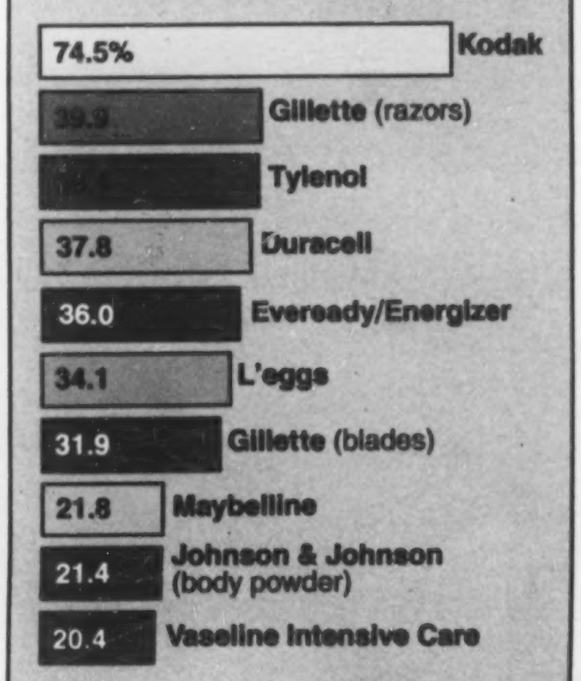
CONSUMER BRAND HEAVYWEIGHTS

(Brands preferred by at least 20 percent of consumers within their categories)



Source: Leo J. Shapiro and Associates.